

GETTY & CHILDERS PLLC

ATTORNEYS AT LAW

1900 Lexington Financial Center
250 West Main Street
Lexington, Kentucky 40507
Telephone: (859) 259-1900
Facsimile: (859) 259-1909

Joe F. Childers, Member
Extension 36
E-Mail: childerslaw@yahoo.com

Via dello Studio
No. 8
50122 Florence, Italy
Telephone: 011-39-055-290-394
Facsimile: 011-39-055-267-8800

March 22, 2008

Stephanie L. Stumbo
Executive Director
Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, Kentucky 40601

RECEIVED
MAR 25 2008
PUBLIC SERVICE
COMMISSION

RE: 2007-00477

Dear Ms. Stumbo:

On behalf of Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. (CAC) and Kentucky Association for Community Action, Inc. (KACA), I enclose herewith the original and ten copies of the Response of KACA and CAC to Data Request served by Commission staff.

I hereby request that on behalf of the Commission you accept this Response for filing, even though because of inadvertence it is being tendered late.

If you have any questions, please call me.

Very truly yours,



Joe F. Childers

Enc.

JFC/pp

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAR 25 2008

PUBLIC SERVICE
COMMISSION

In the Matter of:

AN INVESTIGATION OF THE)
ENERGY AND REGULATORY)
ISSUES IN SECTION 50 OF) CASE NO. 2007-00477
KENTUCKY'S 2007 ENERGY ACT)

RESPONSE OF KACA AND CAC TO DATA REQUEST

Come the Kentucky Association for Community Action, Inc. (KACA), 101 Burch Court, Frankfort, KY 40601, and Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. (CAC), P.O. Box 11610, Lexington, KY 40576, by counsel, and for their response to the Data Request filed by the Commission staff, state that the following responses were provided by Thomas "Kip" Bowmar.

1. Refer to the Testimony of Thomas "kip" Bowmar at pages 5 and 6. Mr. Bowmar recommends offering low-income discounts and describes the associated benefits.
 - a. What discount rate or level of discount does Mr. Bowmar recommend?

RESPONSE: A discount that keeps the customer at least at the customer's current rate (described as the current residential rate before alternative fuels are added to the mix and cause the rates to rise). Low income customers are presently struggling to pay their bills and stay current with their energy costs. In the 2008 heating season, Kentucky's LIHEAP dollars were completely expended statewide earlier than they had ever been exhausted in the past.

- b. Should the discount rate or level of discount vary based on the customer's past level of consumption or type of fuel used for heating?

RESPONSE: The discount should not be based on previous fuel usage because that could penalize low income customers who have inefficient furnaces and houses that have not been weatherized when they may not have had access to weatherization services or the resources necessary to replace inefficient heat systems.

However, going forward, if the household reduces energy consumption by 10% or more over the previous year, that customer should get an additional 10% discount as an incentive to use less energy.

- c. Should the cost of the low-income discount be recovered from all customer classes since the purchase of higher priced renewable energy equally benefits all customer classes? Explain your answer.

RESPONSE: It has been the precedent of the Public Service Commission that benefits for a particular class of customers are recovered from that particular class of customers, i.e. residential programs are paid for by residential customers. If the Commission were willing to spread the cost of a low income residential discount to all customer classes, we would certainly support that and go along with the reasoning that all classes are benefiting.

- d. Would providing such a discount result in more or less energy consumption by those receiving the discount? Explain your response.

RESPONSE: If the discount was structured properly it could lead to a decrease in energy consumption by households receiving the discount. The way to do this would be to give low income households whose energy usage falls by 10% or more from the

previous year an additional 10% discount (provided that they were still living in the same residence). It has been said that behavior that is rewarded continues. One possibility to consider is that if a household's energy usage climbs for two consecutive years, that household could be removed from the discount program.

2. Refer to page 6 of the Testimony of Thomas "Kip" Bowmar. Expand on the recommendation of piggybacking the federal weatherization program.
 - a. Does Mr. Bowmar foresee having utility-sponsored weatherization programs targeting only low-income customers or, more broadly, targeting all residential customers?

RESPONSE: The federal weatherization program is limited to helping households at 150% of the federal poverty guidelines or less, so it would not be possible to combine weatherization funding with utility funding to provide weatherization services to households above 150% of the federal poverty guidelines. That does not mean that utilities could not expand their weatherization services for non low-income households to reduce energy consumption and in fact it would be a good idea to do so. While LG&E and KU have an energy audit program, they can only then give a list of providers and even that doesn't have cost information or information about the relative quality of providers. If there was a weatherization provider that offered the services and the cost was subsidized by ratepayers of the same class, there would likely be a greater percentage of households acting on the weatherization recommendations.

- b. Explain whether the scope and expected benefits of such a DSM program have been investigated. If so, describe the costs and expected benefits.

RESPONSE: Massachusetts has a discount program for residential customers that qualify for LIHEAP that is equal to 15% of their bill. We are not presently sure of the cost, but we will get that information and supplement this answer. In terms of piggybacking, currently American Electric Power and Atmos Energy have utility funded weatherization programs that piggyback with the federally funded weatherization programs. Those programs are each funded at about \$200,000 per year. We would recommend an additional \$4 million per year for utility funded weatherization programs that could piggyback with the federal weatherization program in addition to a low income discount.


JOE F. CHILDERS

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1900 Lexington Financial Center
250 West Main Street
Lexington, KY. 40507
(859) 259-1900

**ATTORNEY FOR COMMUNITY
ACTION COUNCIL FOR
LEXINGTON-FAYETTE,
BOURBON, HARRISON AND
NICHOLAS COUNTIES, INC.
AND KENTUCKY
ASSOCIATION FOR
COMMUNITY ACTION
KENTUCKY, INC.**

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing document has been served on the following persons by United States mail:

Paul D. Adams Office of the Attorney General	Honorable Lisa Kilkelly Attorney at Law
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<p>Utility& Rate 1024 Capital Center Drive, Suite 200 Frankfort, Kentucky 40601-8204</p> <p>Lonnie E. Bellar Vice President – State Regulation Kentucky Utilities Company 220 West Main Street P.O. Box 32010 Louisville, Kentucky 40202</p>	<p>Legal Aid Society 416 W. Muhammad Ali Blvd., Suite 300 Louisville, Kentucky 40202</p> <p>Honorable Michael L. Kurtz Attorney at Law Boehm, Kurtz & Lowry 36 East Seventh Street, Suite 1510 Cincinnati, Ohio 45202</p>
	<p>Honorable Charles A. Lile Senior Corporate Counsel East Kentucky Power Cooperative, Inc. 4775 Lexington Road P.O. Box 707 Winchester, Kentucky 40392-0707</p>
<p>Lonnie E. Bellar Vice President – State Regulation Louisville Gas and Electric Company 220 West Main Street P.O. Box 32010 Louisville, Kentucky 40202</p>	<p>Timothy C. Mosher President – Kentucky Power American Electric Power 101A Enterprise Drive P.O. Box 5190 Frankfort, Kentucky 40602</p>
<p>Michael H. Core President/CEO Big Rivers Electric Corporation 201 Third Street P.O. Box 24 Henderson, Kentucky 42420</p>	<p>Honorable Mark R. Overstreet Stites & Harbison 421 West Main Street P.O. Box 634 Frankfort, Kentucky 40602-0634</p>
<p>John J. Finnigan, Jr. Duke Energy Kentucky, Inc. 139 East Fourth Street, EX 400 Cincinnati, Ohio 45202</p>	<p>Stephen A. Sanders Appalachian Citizens Law Center, Inc. 52 Broadway, Suite B Whitesburg, Kentucky 41858</p>
<p>Honorable Tyson A. Kamuf Attorney at Law Sullivan, Mountjoy, Stainback & Miller, PSC 100 St. Ann Street P.O. Box 727 Owensboro, Kentucky 42302-0727</p>	<p>Ronnie Thomas Operations Superintendent East Kentucky Power Cooperative 4775 Lexington Road P.O. Box 707 Winchester, Kentucky 40392-0707</p>
<p>Patty Walker</p>	

Senior Vice President Duke Energy Kentucky, Inc. 139 East Fourth Street, EX 400 Cincinnati, Ohio 45202	
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on this the 22nd day of March, 2008.



JOE F. CHILDERS

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